

TENNECO INC. AND CONSOLIDATED SUBSIDIARIES
STATEMENTS OF INCOME
Unaudited
SIX MONTHS ENDED JUNE 30,
(Millions except per share amounts)

	<u>2008</u>	<u>2007</u>
Net sales and operating revenues	<u>\$ 3,211</u>	<u>\$ 3,063</u>
Costs and Expenses		
Cost of Sales (exclusive of depreciation shown below)	2,709 (a)	2,556 (d)
Engineering, Research and Development	70	56
Selling, General and Administrative	207 (a) (b)	199 (d)
Depreciation and Amortization of Other Intangibles	112	98
Total Costs and Expenses	<u>3,098</u>	<u>2,909</u>
Loss on sale of receivables	(4)	(5)
Other Income (Expense)	5	3
Total Other Income (Expense)	<u>1</u>	<u>(2)</u>
Income before Interest Expense, Income Taxes, and Minority Interest		
North America	26 (a) (b)	80 (d)
Europe, South America & India	73 (a)	58 (d)
Asia Pacific	15 (a)	14
	<u>114</u>	<u>152</u>
Less:		
Interest expense (net of interest capitalized)	58	80 (e)
Income tax expense	32 (c)	22
Minority interest	5	4
Net Income	<u>19</u>	<u>46</u>
Average common shares outstanding:		
Basic	<u>46.3</u>	<u>45.6</u>
Diluted	<u>47.7</u>	<u>47.4</u>
Earnings per share of common stock:		
Basic	<u>\$ 0.40</u>	<u>\$ 1.00</u>
Diluted	<u>\$ 0.39</u>	<u>\$ 0.96</u>

(a) Includes restructuring and restructuring related charges of \$10 million pre-tax, \$7 million after tax or \$0.14 per diluted share. Of the adjustment \$6 million is recorded in cost of sales and \$4 million is recorded in SG&A. Geographically, \$2 million is recorded in North America, \$6 million in Europe, South America and India and \$2 million in Asia Pacific

(b) Includes customer changeover costs of \$7 million pre-tax, \$4 million after-tax or \$0.09 per diluted share.

(c) Includes a \$14 million or \$0.29 per diluted share charge for tax adjustments

(d) Includes restructuring and restructuring related charges of \$4 million pre-tax, \$2 million after tax or \$0.06 per diluted share, of which \$3 million is recorded in cost of sales and \$1 million is recorded in SGA&E. Geographically, \$1 million is recorded in North America and \$3 million in Europe, South America and India.

(e) Includes a pre-tax expense of \$5 million, \$4 million after-tax or \$0.07 per diluted share related to the write off of debt issuance costs from the debt refinancing in March 2007.